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A Proposed Framework of Islamic Governance for *Awqaf*

Hidayatul Ihsan¹

Abdullah Ayedh²

Abstract

With the increasing clamoring for the revival of waqf (plural awqaf) institution, more attention has been accorded to good governance and best practices of waqf by scholars and other stakeholders. This is due to the recognition of the adoption of best practice of good governance as a critical success factors for revitalizing awqaf institutions. Despite the unprecedented call for the adoption of best practice of good governance, studies regarding this crucial issue are limited. This is probably because of the conception which exclusively relates governance only to commercial sectors. In fact, governance in charitable and not-for profit organizations has huge responsibilities of demonstrating convincing accountability to stakeholders. This paper therefore attempts to review some Islamic concepts and values which underpin the governance framework for awqaf institutions and thus demonstrate the Islamic accountability of mutawalli (awqaf manager).

Key words: *Awqaf*, Governance, Islamic accountability

Introduction

The institution of *waqf* (plural *awqaf*) in Islam is one of the poverty alleviation mechanisms in the society besides *zakat* (compulsory charity) and *sadaqah* (optional charity). It is believed that *waqf* can be an effective system of poverty eradication by improving the non-income generating aspects such as health, education besides increasing access to physical facilities such as commercial, transportation, agricultural, industrial and many others (Abu Zuhra, 1971; Sadeq, 2002; Abdel-Mohsin, 2013). Unlike other charities funds that are mostly spent in consumption, *waqf* is unique in the sense that its corpus should be remained as capital. This is in line with Kahf (2003) who is widely cited of defining *waqf* as “[h]olding certain

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property and preserving it for the confined benefit of philanthropy and prohibiting any use or disposition of it outside its specific objective". Naturally, *waqf* is categorized as public sector but non-governmental (Kahf, 2007). In addition to this, the establishment of *waqf* is very simple in such a way that a mere deceleration by the founder is considered enough to create a *waqf*. *Waqf*, therefore, had become part of Muslim's life and the best endowment system in the past (Rashid, 2008).

The colonization of the Muslim lands is one of the main factors that has brought set-back to *waqf* for centuries (Abu Zuhra, 1971). During those periods, many *waqf* assets were taken over by the colonial governments (Rashid, 2008). Colonization had also played destabilizing role especially in terms of moral degradation of the *mutawalli*ⁱ which consequently led to the mismanagement of *waqf*. Unsurprisingly, most *waqf* assets were misused or even lost. As noted by Rashid (2008), there are many cases in Muslim countries where *waqf* assets were occupied illegally.

Fortunately, the revitalization of *waqf* institution has become top on the agenda of Muslim communities around the world for the past few decades. The awareness of *waqf* revitalization has equally increasingly gaining popularity amongst the Muslim countries. The governments of most Muslim countries have realized the need for the revival of *waqfas* an important tool of creating a better society (e.g. Sudan, Malaysia and Kuwait). In addition to this, a series of international *waqf* conferencesⁱⁱ which were organized by Islamic Development Bank (IDB) through its subsidiary, the Islamic Research and Training Institute (IRTI), also demonstrates a growing interest and awareness in *waqf* institutions and consider it as one of the tools of community development (Cajee, 2008; Ayedh and Ihsan, 2013).

In line with increasingly clamoring for the revival of this historic institution, greater emphasis is placed on good governance and best practices of *waqf*. It is widely agreed that the best practice of good governance should be adopted due to its potential as a critical success factors for revitalizing *awqaf* institutions (Kahf, 2007; Cajee, 2007; Ayedh and Ihsan, 2013). Despite the increasing emphasize on revitalization and best practice, literatures on *waqf* governance are limited. To the best knowledge of the researchers, the present study is one of the pioneer work in this area. One of the possible reasons behind the dearth of study on *waqf* governance might not be unconnected to the flimsy attention accorded it by scholars (Hoexter, 1998). In a broader context, Speckbacher (2008) admits that research on governance mechanism in the nonprofit sectors is relatively underdeveloped. Indeed, the governance issue in not-for profit and charitable sectors has just been promoted in the last few years (Hyndman and McDonnell, 2009).

Apparently, the discussion about governance in charitable and not-for profit organizations possess huge potential to demonstrating accountability to stakeholders (Stone and Ostrower, 2007; Hyndman and McDonnell, 2009). Therefore, this paper aims at filling this gap by exploring the major themes that form the basis of discussion on governance and accountability in *awqaf*. In doing so, the existing studies on accountability and governance in charitable and not-for profit organizations are reviewed. In addition to this, the theoretical underpinnings in relation to Islamic accountability and governance are also examined. As such, this paper comes up with some ideas that can boost governance structure of *awqaf* which can demonstrate Islamic accountability of *mutawalli*.

Governance and Accountability perspective in nonprofit and charitable organizations

The discussion about *waqf* governance is preceded by the review on governance and accountability in nonprofit and charitable organizations. This is important as *waqf* shares the same characteristics with these institutions. Indeed, *waqf* is considered a non-profit organisation as its establishment is aimed at the benefit of society. Hence, *waqf* is sometimes called perpetual charity (Sadeq, 2002)

The term “governance” is derived from the Latin word *gubernare* which literally mean “direct”, “rule” or “guide” (Hyndman and McDonnell, 2009). In the broad sense, governance refers to the relationship between the governors and the governed based on the decision making by individuals to those in authority (Lewis, 2005). According to Iqbal and Lewis (2009), the conception of governance has been used in various contexts such as monetary governance (the making of monetary policy), economic governance (to ensure the smooth of market economy), public governance (ensuring efficiency in the public sectors) and corporate governance (ensuring the effective functioning of market and enterprises).

Although governance is a very prominent concept, the definitions application of the term governance is scarce for the case of the nonprofit research literature (Stone and Ostrower, 2007). The reason is probably not unconnected to the conception of governance was exclusively used in the commercial and public sectors. So far, the conception of non-profit governance overlaps with public governance. However, Stone and Ostrower (2007) argue that there should be a clear - cut between these two conceptions as the governance system in nonprofit sectors comprises board of directors.

There are two possible methods to develop governance conception in nonprofit sectors. First, as the governance system in nonprofit encompasses board of directors,

the perspective of governance from business sectors point of view can be adapted (Hyndman and McDonnell, 2009). In this sense, the paradigm of principal-agent theory might be relevant. Apparently, the principal-agent theory suggests that the provider of funds to corporation need assurance of getting return on their investment. However, this is not applicable to nonprofit and charitable sectors because the donors do not expect any financial return from what they have donated. Therefore, Hyndman and McDonnell conclude that the “return” could be viewed as the money being spent for the purpose of donation. In other words, the dimension of governance is to demonstrate accountability of the boards’ member to their donors.

Secondly, public governance literatures can strengthen nonprofit governance (Stone and Ostrower, 2007). Public governance entails formal and informal relationships which exist inside and outside public hierarchies. Stone and Ostrower believe that nonprofit sectors also emphasize formal and informal power relationships. They assert that nonprofit governance involves the relationships between board and staff. In addition to this, the composition of board; its responsibility and effectiveness are the issues in nonprofit governance. Stone and Ostrower further underline governance in nonprofit organizations is the province of boards of directors and its relationships with organizational level control, accountability and managing resource dependencies. Similarly, Hyndman and McDonnell (2009) stated that governance is the methods by which the organizations are accountable. In other words, governance is the operationalization of accountability. It is therefore, the conception about accountability should be clear in the first place.

From managerial perspective, Sinclair (1995) defines accountability as the requirement to those with delegated authority to be answerable for producing outputs or the use of resources to achieve certain ends. Cutt and Murray (2000) believe that formal definition of accountability presumes the existence of at least two parties, one who allocates responsibility and one who accepts it with undertaking to report on, account for the manner in which it has been discharged. In the charitable sectors contexts, Cordery and Morley (2005) argue that the trustee should demonstrate accountability to various groups of stakeholders such as donors, government, beneficiaries and public at large.

Although the above conception of government and accountability seem appropriate for *awqaf*, they fail to demonstrate accountability from Islamic perspective due to some reasons. The issue of accountability and governance from Islamic perspective will be discussed in the following section.

The Qur’anic principles of accountability and good governance

As mentioned previously, the discussion about governance is related to accountability. Therefore, this section is preceded with discussion about accountability in Islam. It is undoubtedly true that accountability is a central theme in Islam because accountability to Allāh and the community is paramount to a Muslim's faith (Lewis, 2006). Askary and Clarke (1997) asserted that the word *hisab* which is interrelated with account and accountable is repeated more than eight times in different verses in the Qur'an.

As mentioned earlier, the conventional conception of accountability has some limitations in terms of applying them to explain Islamic accountability. Firstly, according to Al-Safi (1992) man-made definition of accountability is aimed to establish certain material status for the individual and community. Indeed, accountability in Islam (*taklif*) can be seen as a core responsibility of everyone Muslim and we must always remember that we will be accountable for our actions on the Day of Judgment, as mentioned in this Qur'anic verse, "Then shall anyone who has done an atom's weight of good, see it" (Qur'an, Al-Zalzalah 99:7). Similarly, Haniffa (2001) takes the view that the ultimate accountability in Islam is to Allāh since all deeds will be counted in the hereafter. Haniffa supported her idea with the following verse of the Holy Qur'an: "To Allāh belongs all that is in the heavens and on earth. Whether you show what is in your minds or conceal it, Allāh will call you to account for it" (Qur'an, Al-Baqarah 2:284).

The second reason why conventional accountability might not be appropriate is because of the Western belief that accountability has nothing to do with religious matters. According to Lehman (2004), the current western societies have neglected the religious dimension in their social systems. While in Islam, rendering an account to discharge accountability is identified as part of *ibadah* (servitude to Allāh) and *amal saleh* (virtuous deeds) in attaining *al-Falah* (benefit for the people in this world and the hereafter (Haniffa, 2001).

In addition to the above discussion, Imam al-Ghazali explained the Islamic philosophy of life in his prominent book *Ihya Ulum Al-Din*. According to him, Muslims must keep in mind that there is no separation between spiritual and temporal affairs in their life. Therefore, all worldly deeds such as trading, studying worldly majors, and working are considered an act of worshiping *Allah*, since they are in line with Islamic policies and rules (*Shariah Islamiah*), which promotes the seeking of human well-being (*falah*) and a good life (*hyayt tayyibah*).

Due to the fact that the conventional accountability does not relate accountability to Allāh, Shahul (2000) therefore, comes up with the proposal of dual accountability whereby Allāh's *khalifah*,ⁱⁱⁱ human beings are being accountable for all resources

entrusted on them; besides they should fulfill any contract made among them. Shahul named it Islamic accountability. In fact, this conception of accountability will lead to some principles of good governance in Islam.

The basis of good governance in Islam is the concept of the absolute unity of God (*tawhid*). Choudhury and Alam (2013) assert that *tawhid* is the epistemological foundation of Islamic good governance. Actually *tawhid* is the very foundation of Islam upon which other principles depend on. Philips (1994) notes that if *tawhid* is not sound, the rest of one's Islam will be equated to pagan rituals. Hence, in the context of governance an individual must seek the guidance from the Creator of the universe in fulfilling the obligation to the society. *Tawhid* will lead mankind to be aware that their existence on the earth is as the *khalifah* (vicegerent or representative of God). Therefore, from the principle of *tawhid* and Qur'anic verses Zein et al. (2008) derive some good governance principles.

The first principle is *amanah* or trust to fulfill. According to Zein et al. (2008), *amanah* basically means a contract between God and man since it is mentioned in the Qur'an that God has given the trust to the mankind where the heavens, the earth and mountains refused to accept because they were afraid of the heavy burden (Qur'an 33:72). Moreover the Qur'an has reminded the believers not to betray the *amanah* entrusted on them (8:27). The concept *amanah* will determine the individual's relationship with the society. If an individual really understand the concept of *amanah*, the issues regarding the rights and responsibilities can be resolved. The fulfillment of *amanah* would bring to *adalah* (justice). *Adalah* therefore constitutes the second principle of good governance.

The importance of *adalah* has been revealed in following Qur'anic verse "Allah commands justice, the doing of good, and liberality to kith and kin, and He forbid all shameful deeds, and injustice and rebellion. He instructs you, that ye may receive admonition" (Qur'an, An-Nahl 16:90).

According to Shahul (2001), *adalah* in Islamic economic scheme is aimed towards achieving social welfare. *Adalah* principle leads Muslims to work with full objectivity. It is very crucial because there is always potential conflict among the member of the society. Likewise this conflict could occur in the context of manager and staff. Therefore, Islam encourages those who are entrusted with *amanah* to deal with people within the concept of justice or *adalah*. However, sometime it is difficult to achieve a just system due to subjective decision of human being. Therefore, Qur'an provides guideline how to come up with decision making i.e. through *shura* or mutual consultation. The following verses of Qur'an have revealed that every decision made

should base on consensus: “And consult them on affairs (of moment). Then, when thou has taken a decision, put thy trust in Allah” (Qur’an, Al-Imran 3:159). And “Those who respond to their Lord and establish regular prayer, who (conduct) their affairs by mutual consultation; Who spend out of what We bestow on them for sustenance” (Qur’an Ash *Shura* 42:38).

The spirit of these verses has explained how the decision making process should be conducted. Since Qur’an specifies that the decision making involves more than one party, the leaders must encourage others to participate in the process (Iqbal and Lewis, 2009). This Qur’anic evidence supports the collective aspect in decision making process. In other words, Islam encourages the consultation as the way of leadership instead of individual leadership.

The aforementioned principles actually had been introduced and practiced by the Prophet and his companions. Surely, there was no such expression in Arabic to represent the word “governance”. Sourial (as cited by Lewis, 2005) noted that the word *hakama* might be the closest terminology for governance. Regardless of the terminology, the Prophet had laid down the basis of good governance in the earliest Islamic state. The following example provides a vivid example of good governance in *awqaf* in the earliest Islamic state.

The Earliest *waqf* foundation and the dimension of good governance

Before discussing the dimension of good governance of the earliest *awqaf*, it is highly essential to understand the origin of this institution. Gil (1998) argues that learning about the earliest *waqf* will help in getting a better understanding of the contemporary institution *awqaf*. Cizkaca (1997) believes that institutional reform of *awqaf* must be preceded by having a thorough understanding of *waqf* in the historical dimension.

Apparently, no clear stipulation with regard to *waqf* practice has been found in the Qur’an. It was indeed through the Prophetic tradition (hadith) the technique of giving away a property that is being suggested (Rashid, 2002; Jahar, 2006). Although there is a debate among scholars and historians as to the origin of charitable endowments (Mohammad, 1983; Cizakca, 1997), a prominent endowment by Umar ibn al-Khattab was regarded as the first foundation of *waqf* institution (van Leeuwen, 1999). This fact was supported by the following hadith which was narrated by Ibn Umar:

Ibn Umar reported: Umar acquired a land at Khaibar^{iv}. He came to Allah's Apostle (may peace be upon him) and sought his advice in regard to it. He said: Allah's Messenger, I have acquired land in Khaibar. I have never acquired property more valuable for me than this, so what do you command me to do with it? Thereupon he

(Allah's Apostle) said: If you like, you may keep the corpus intact and give its produce as Sadaqa. So Umar gave it as Sadaqa declaring that property must not be sold or inherited or given away as gift. And Umar devoted it to the poor, to the nearest kin, and to the emancipation of slaves, aired in the way of Allah and guests. There is no sin for one, who administers it if he eats something from it in a reasonable manner, or if he feeds his friends and does not hoard up goods (for himself) (Muslim, Shahih Muslim, undated).

Although in the aforementioned hadith the Rasulullah SAW used the word “sadaqa” instead of ‘*waqf*’, actually both words can be used in the same sense to refer to perpetual immobilization the property for pious purpose (Gil, 1998). In addition, the words *habs* are used extensively in Iran and North Africa respectively to describe this activity (Cizakca, 1997). Despite there are slightly variations in terms of names, the above hadith has clearly defined what *waqf* is.

With reverence to the abovementioned hadith, *waqf* property is not meant for personal enjoyment but rather for the needs of the poor, travelers and fighters for the sake of Allah. Simple interpretation of this hadith is that the Ummah is beneficiary and the stakeholders of *awqaf* (Gil, 1998). In addition, it is only the revenue of *waqf* that can be distributed to the beneficiaries, while the corpus cannot be sold, transferred or inherited. It implies that *waqf* trustee should ensure that *waqf* property is managed productively. Otherwise the corpus will diminish and cannot fulfill the objective of *waqf*.

Regarding *waqf* management, Abu Yusuf, one of Hanafi jurists concluded that the founder can appoint himself as the *mutawalli*. This opinion is justified by the fact that Umar distributed the revenue of *waqf* himself during his lifetime (van Leeuwen, 1999). While for his successor, Umar appointed his daughter, Hafsa to manage *waqf* assets. Hanafi School interpreted that as long as there is qualified relative of *waqif* that can be appointed to handle *waqf*, a stranger should not be appointed as a *mutawalli* (Khan and Syed, 2007). Moreover, it is mentioned in the hadith that *mutawalli* can benefit from *waqf* revenue as long as it is not enriching himself.

Indeed the principle of good governance and accountability had been applied by the Prophet in *waqf* management. Although *waqf* history did not specifically highlight these issues, Iqbal and Lewis (2009) believe that good governance and accountability had become the basic principle in every single activity of the earliest Muslim society. One of the principles of good governance which has been found in *waqf* of Umar is *shura* or consultation (Zein, Al-Hasan and Zakaullah, 2008) i.e. when Umar consulted the Rasulullah SAW the best way to endow his assets. This tradition had

been followed by other Prophet's companions when they wished to create *waqf* (van Leeuwen, 1999).

Rasulullah SAW allowed those who administer *waqf* assets to benefit from *waqf* revenue based on condition of not using it to enrich themselves and this is related to the principles of *adalah* (justice) in good governance (Zen et al. 2006). It is true that *mutawalli* manages *waqf* asset to serve the needs of the ummah. But leave him alone unpaid will be unfair. Therefore, the *mutawalli* deserve for some remuneration.

Another principle of good governance is related to audit on the *mutawalli*'s responsibility. A hadith narrated Abu Humaid al-Sa'idi:

The Prophet (SAW) appointed a man of Azd called Ibn al-Lutbiyayah (to collect sadaqah). The narrator Ibn al-Sarh said: (He appointed) Ibn al-Utbiyyah to collect the sadaqah. When he returned he said: This is for you and this was given to me as present. So the Prophet (SAW) stood on the pulpit, and after praising and extolling Allah he said: What is the matter with a collector of sadaqah. We send him (to collect sadaqah), and when he return he says: This is for you and this is a present which was given to me. Why did he not sit in his father's or mother's house and see whether it would be given to him or not ? Whoever takes any of it will inevitably bring it on the Day of Resurrection, be it a camel which rumbles, an ox which bellows, or sheep which-bleats. Then raising his arms so that we could see where the hair grow under his armpits, he said: O Allah, have I given full information ? O Allah, have I given full information ? (Sunan Abi Dawud, 2946).

This hadith can be a basis for reviewing process of the *mutawalli*'s performance. Although this hadith is not directly related to *waqf* management, it indicates that the prophet SAW has conducted a systematic review (*musala'ah*) checking for the *sadaqah* collected. Hence, it could be the Islamic basis to set up audit committee to monitor the *mutawalli*'s performance in managing *waqf* property.

Another principle of good governance is *amanah* or responsibility (Zein et al, 2008). Perhaps this principle had motivated Umar to distribute *waqf* revenue during his life time and appointed his daughter as his successor. Umar wanted to ensure that the objective of *waqf* can be achieved. Moreover, this evidence also indicates that accountability had become the basis of *waqf* of Umar. Zein et al note that *amanah* is the basis of accountability.

The historical record of *waqf* of Umar indicates that the principles of good governance and accountability had been applied in managing *waqf*. Of course *waqf* foundation at that time was not as complex as it is currently. One should however bear in mind that the foundation of Umar has become the basis example of *waqf*

institution today. In the following section we will discuss the building blocks of Islamic governance in *awqaf* institutions which can discharge accountability.

The framework of Islamic governance in awqaf

Having discussed the concept of accountability and basic principles of good governance in Islam, We now proceed to elaborate how these could be applied to the *waqf* context today. The basic principles of good governance such as *Musala'ah, amanah, adala* and *shura* can be employed and fit into the basic building blocks of Islamic governance namely institution of *shura*, monitoring institution and syariah audit (Iqbal and Lewis, 2009).

Shura as a principle and institution of *shura* is aimed towards achieving the Islamic moral value in decision making process (Abdul Rahim, 1998). Since the Qur'an specifies that the decision making involves more than one party (3:159), the leaders must encourage others to participate in the process of decision making (Iqbal and Lewis, 2009). In the context of *awqaf*, it can be referred to as the board of trustees^v. It should be noted that *mutawalli* is responsible to various stakeholders. Hisham (2006) and Ihsan (2007) identify the stakeholders of *waqf* as *wāqif*, *waqf* board, regulator, beneficiaries, and community in large. It might be difficult to invite all elements of the stakeholders on board in order to ask their participation in decision making. Hence there could be an alternative to achieve the objective of *shura* in *awqaf* institution. The member of board of trustee should consist of the representative of the major group *waqf* stakeholders. Cajee (2007) identifies *waqif*, *mutawalli*, regulator and beneficiaries as the major stakeholders. According to Askari and Taghavi (as cited by Iqbal and Lewis, 2009), a system of governance with pluralistic governing body will prevent the ummah from the grip of dictatorship.

In order to ensure the *shariah* compliance of *waqf* management, there should be the monitoring institution. In the economic matters this institution is represented by *hisbah* (Iqbal and Lewis, 2009). During the prophet time, institution of *hisbah* played significant role in controlling trade and economic practices. Probably, the same institution for *waqf* is *qadi* or judges (Khan and Syed, 2007). According to Khan and Syed, *qadi* has the authority to appoint, monitor or even replace the *mutawalli* if he found that *mutawalli* mismanaged *waqf* property. However, *qadi* cannot remove *mutawalli* merely based on the complaint of beneficiaries, unless there is a proof of breach of trust.

Another institution for good governance is *shariah* Audit. It was mentioned before that *mutawalli* is accountable to Allah and human beings. The metaphysical nature of accountability to Allāh does not imply that it has nothing to do with reporting. Cutt

and Murray (2000) state that, in nature, accountability manifests itself as information through management information systems and associated methods of analysis and evaluation. It is true that all deeds are recorded by the Angels and account to Allāh (Al-Qu'ran Qaf 50:17-18). But the accountability to Allāh (*Hablun min Allāh*) is interrelated accountability to human beings (*hablun min An-nas*) (Hassan, 1995 as quoted by Abdul Rahim, 2003). Therefore, in this sense a clear reporting from *mutawalli* will enable the user to see how compliant he is to the *shariah* rules in managing the *waqf* assets. To convince the stakeholders about *shariah* compliance of *waqf* management, *shariah* advisory services *shariah* auditing should be in place, especially with the current transformation process of *awqaf* institution. The existence of such institution would mitigate the possibility of engaging in non-*shariah* activities.

The relationship of basic the building blocks of good governance and the principles can be drawn into the following figure:

Governance

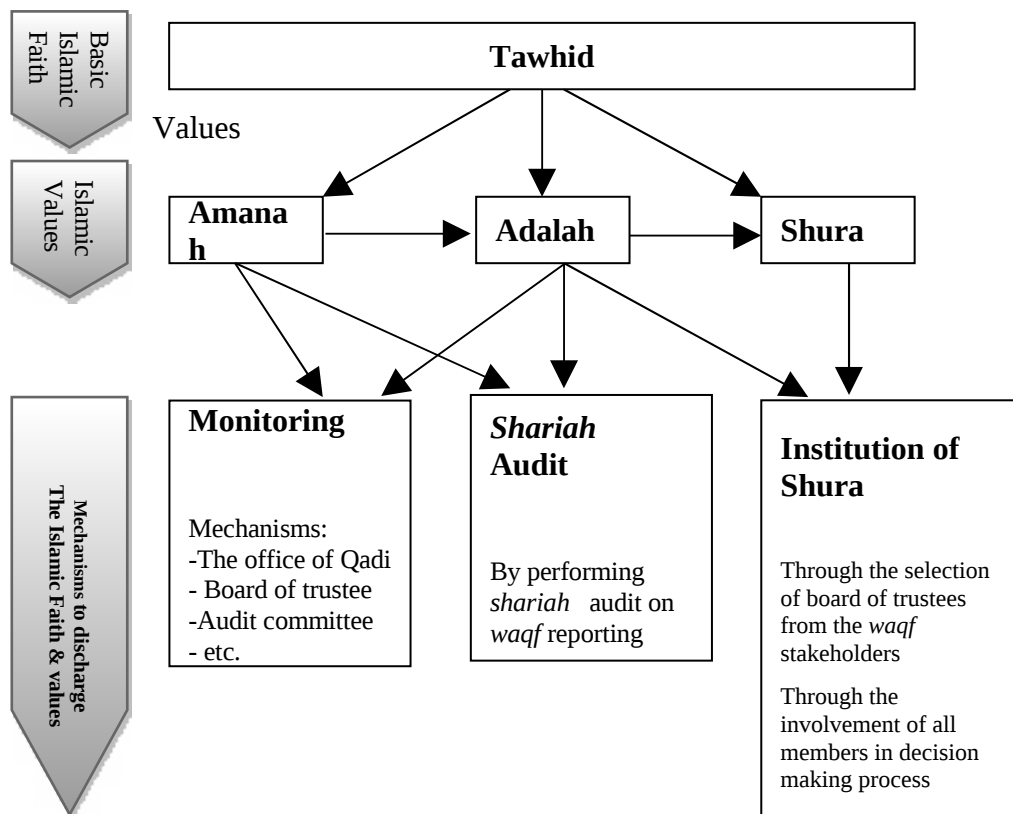


Figure: The framework of *waqf* governance

The *waqf* governance framework also explains how to discharge dual accountability. The application of concept *shura*, *adalah* and *amanah* in good governance will assist the *mutawalli* to fulfill accountability to Allah as all these principles are from revelation. In addition, accountability to Allah can be discharged through the fulfillment of all Allah's commands and avoidance of His prohibitions (which is guided by Qur'an and hadist). For instance, in managing *waqf* assets, *mutawalli* cannot violate *shariah* rules. While at the same time, *mutawalli* should show his accountability to the Ummah in fulfilling *waqf* objective as *wāqif* wishes. Besides, *mutawalli* has to ensure that *waqf* will contribute to the betterment of Muslim society.

Good governance in *awqaf* institution is all about ensuring the accountability of *mutawalli*. From the basic Islamic perspectives (*Ikhlas*, *amanah*, *adala*, and *shura*) some governance could be derived. *Ikhlas* drives the *mutawalli* to target the perfection in managing *waqf* assets for the seek of Allah satisfaction at first then the society. Second principle of good governance is *amanah* which impels *mutawalli* to manage *waqf* assets as trustee to Allah and beneficiaries and consider this *waqf* property as trust. *Adala* principle is very important in the process of distribution of *waqf* revenue between the beneficiaries. *Mutawalli* have to act with justice (*adala*) in determine the *waqf* revenue rate for beneficiaries and himself. Last principle is *shura*, it shall be the basis of decision making process. *Mutawalli* has to involve representatives for all related parties in the decision making process.

Conclusion

There is a consensus among scholars that good governance should be adopted in *waqf* management as it is one of the critical success factors for revitalizing *awqaf* institutions. Actually, the cornerstone of good governance in Islam had been laid down by the Prophet and his companion in the earlier Islamic state. Good governance and accountability had become the basic principle in every single activity of the earliest Muslim society. Some basic principles of good governance derived from Qur'an are *amanah*, *adala* and *shura*. Based on these principles, the framework of Islamic good governance can be built as institution of *shura*, monitoring institution and *shariah* audit. The application of the framework into *waqf* institutions can discharge dual accountability of *mutawalli* i.e. accountability to Allah and the society. Further study can be conducted to investigate the practice of Islamic governance by *awqaf* institutions. Furthermore, future study could develop the code of good

governance and examine the possibility of adopting such code in the *awqaf* institutions.

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ⁱ*Mutawalli* is *waqf* manager. Sometimes is also called *nazheer*.

ii Recently, there were a number of *waqf* conferences held by IRTI i.e. in Singapore (2007), Bangladesh (2007), South Africa (2007), Dubai (2008), Iran (2008) and some other countries.

iii Khalifah : vicegerent

iv Area northwest of the city of Medina.

v There are two types of *waqf* i.e. *waqfahli* (family *waqf*) and *waqfkhairi* (public *waqf*), but the discussion here is limited to *waqfkhairi*. The context of board of trustees might not be appropriate for *waqfahli* as it is only involved several people in certain family.